
AGENCY: General Services Division

SUBJECT: South Carolina Army National Guard Lease

The South Carolina Army National Guard (SCARNG) requests approval to lease from Marshall Carithers (Landlord), 8.32 acres with a building containing 61,500 square feet at 2737 West Fifth North Street, Summerville, Dorchester County. This facility is needed to house two new force structure units, the 1223rd Engineer Company and the 1118th Forward Support Company, because there is no adequate space for these units in the Summerville area.

The lease term will be seven years commencing on October 1, 2008. Rent will be \$61,500 per month or \$738,000 per year (\$12 per square foot) for all seven years of the lease. Landlord is responsible for water, sewer, electricity and natural gas to the premises up to a maximum of \$76,000 per year. All costs for those services exceeding that amount are the responsibility of SCARNG. However, based on historical costs, it is not anticipated that operating costs will exceed the amounts the Landlord has agreed to pay toward operating costs during the seven year term of this lease. The total rent due over the seven year term is \$5,166,000.

Comparables of similar state agency multi-use space leased are as follows:

Lease Date	Agency/Location	Rate
06/07	Adjutant General's Office: National Guard Facility, Anderson, SC	\$ 10.75
07/03	Health and Environmental Control, 32,346 SF, N. Charleston, SC	\$ 14.66
08/04	Vocational Rehabilitation, 20,607 SF, N. Charleston, SC	\$ 13.48

Parking is included with the lease. Landlord will pay \$850,000 for renovations to the leased space at no additional costs to SCARNG. An option to purchase the property is included in the lease.

SCARNG has adequate funds for the lease according to a Budget Approval Form submitted May 30, 2008, which also includes a multi-year plan. These lease payments are 100% federally funded.

The space allocation of the new lease is 1,600 square feet for eight full-time staff (200 SF per FTE). Additionally space is necessary for 289 soldiers on drill weekends. The remaining 59,900 square feet is to be utilized for storage, filing cabinets, classrooms, learning center, reception area, work areas, drill hall, military storage, library, break room, computer server area, drill weekend administration space and common areas. The building was constructed in 1980.

AGENCY: General Services Division

SUBJECT: South Carolina Army National Guard Lease

The lease was approved by the Adjutant General MG Stanhope S. Spears, tenant and by C. Marshall Carithers, President, CEO, Carithers Real Estate. JBRC approved the lease at its June 4, 2008 meeting.

BOARD ACTION REQUESTED:

Approve the proposed seven year lease for the South Carolina Army National Guard from Marshall Carithers of 8.32 acres with a building containing 61,500 square feet at 2737 West Fifth North Street, Summerville, Dorchester County.

ATTACHMENTS:

Agenda item worksheet; Letter from SCARNG; SC Code of Laws Sections 1-11-55 and 1-11-56

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 17, 2008

Regular Agenda

1. Submitted by:

- (a) Agency: General Services Division
- (b) Authorized Official Signature:


M. Richbourg Roberson, Director

2. Subject: South Carolina Army National Guard Lease

3. Summary Background Information:

The South Carolina Army National Guard (SCARNG) requests approval to lease from Marshall Carithers (Landlord), 8.32 acres with a building containing 61,500 square feet at 2737 West Fifth North Street, Summerville, Dorchester County. This facility is needed to house two new force structure units, the 1223rd Engineer Company and the 1118th Forward Support Company, because there is no adequate space for these units in the Summerville area.

The lease term will be seven years commencing on October 1, 2008. Rent will be \$61,500 per month or \$738,000 per year (\$12 per square foot) for all seven years of the lease. Landlord is responsible for water, sewer, electricity and natural gas to the premises up to a maximum of \$76,000 per year. All costs for those services exceeding that amount are the responsibility of SCARNG. However, based on historical costs, it is not anticipated that operating costs will exceed the amounts the Landlord has agreed to pay toward operating costs during the seven year term of this lease. The total rent due over the seven year term is \$5,166,000.

Comparables of similar state agency multi-use space leased are as follows:

Lease Date	Agency/Location	Rate
06/07	Adjutant General's Office: National Guard Facility, Anderson, SC	\$ 10.75
07/03	Health and Environmental Control, 32,346 SF, N. Charleston, SC	\$ 14.66
08/04	Vocational Rehabilitation, 20,607 SF, N. Charleston, SC	\$ 13.48

Parking is included with the lease. Landlord will pay \$850,000 for renovations to the leased space at no additional costs to SCARNG. An option to purchase the property is included in the lease.

SCARNG has adequate funds for the lease according to a Budget Approval Form submitted May 30, 2008, which also includes a multi-year plan. These lease payments are 100% federally funded.

The space allocation of the new lease is 1,600 square feet for eight full-time staff (200 SF per FTE). Additionally space is necessary for 289 soldiers on drill weekends. The remaining 59,900 square feet is to be utilized for storage, filing cabinets, classrooms, learning center, reception area, work areas, drill hall, military storage, library, break room, computer server area, drill weekend administration space and common areas. The building was constructed in 1980.

The lease was approved by the Adjutant General MG Stanhope S. Spears, tenant and by C. Marshall Carithers, President, CEO, Carithers Real Estate. JBRC approved the lease at its June 4, 2008 meeting.

4. What is the Board asked to do? Approve the proposed seven year lease for the SCARNG.

5. What is recommendation of the General Services Division? Approval of the proposed lease.

6. List of Supporting Documents:

- (a) Letter from SCARNG
- (b) SC Code of Laws Sections 1-11-55 and 1-11-56

The State of South Carolina

Military Department



OFFICE OF THE ADJUTANT GENERAL
1 NATIONAL GUARD ROAD
COLUMBIA, S.C. 29201-4766

STANHOPE S. SPEARS
MAJOR GENERAL
THE ADJUTANT GENERAL

May 12, 2008

Mr. Edgar W. Dickson
Director, Real Property Services
1201 Main Street, Suite 420
Columbia, SC 29201

Dear Mr. Dickson,

The South Carolina Army National Guard (SCARNG) is currently undergoing significant changes to its force structure. Due to the type units being fielded in the SCARNG, the required line scores for the military occupational skills in the units and available recruitable population, SCARNG leadership based on the recommendations of the Recruiting and Retention Command, assigned the 1223rd Engineer Company and the 1118 Forward Support Company to Summerville, South Carolina.

The 1223rd Engineer Company is currently assigned to the existing Summerville Armory, which was constructed in 1959 consisting of 15,679 square feet (SF). The 1223rd is authorized a 45,952 SF facility leaving the unit with a deficit of over 30,000 SF. The 1118th is assigned to the North Charleston armory with two additional units. The three units assigned to the North Charleston armory are authorized a 59,498 SF armory. The North Charleston Armory is 39,906 SF creating a deficit in armory space of over 20,000 SF.

Based on this shortage of authorized armory space, the SCARNG submitted a request to National Guard Bureau (NGB) for approval to lease temporary armory space in the Summerville, South Carolina area to house the two units listed above. On April 4, 2008, NGB approved our request to lease temporary armory space. In the event, the space becomes a permanent requirement; an option to purchase has been included in the lease.

In accordance with the State Leasing Manual, all recommended leasing procedures have been completed and the SCARNG is ready to proceed with the final lease negotiations and have the lease added to the Budget & Control Board's June agenda.

Request your favorable approval of the attached lease and your support in obtaining the approval of the Budget and Control Board.

If you have any questions, do not hesitate to contact the undersigned at 803-806-4304 or MSG Mark Hicks at 803-806-4150.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. B. Owens', with a long horizontal line extending to the right.

Stephen B. Owens
Colonel, Engineer
Construction & Facilities
Management Officer

SECTION 1-11-55. Leasing of real property for governmental bodies.

(1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, legislative body, agency, government corporation, or other establishment or official of the executive, judicial, or legislative branches of this State. Governmental body excludes the General Assembly, Legislative Council, the Office of Legislative Printing, Information and Technology Systems, and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.

(2) The Budget and Control Board is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section.

(3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Office of General Services of its requirement on rental request forms prepared by the office. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the office agree meets necessary requirements and standards for state leasing as prescribed in procedures of the board as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.

(4) The board shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.

(5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Office of General Services or his designee.

SECTION 1-11-56. Program to manage leasing; procedures.

The State Budget and Control Board, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of state agencies. The board's regulations, upon General Assembly approval, shall include procedures for:

(1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;

(2) establishing standards for the quality and quantity of space to be leased by a requesting agency;

(3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:

(a) a nonappropriation for the renting agency,

(b) a dissolution of the agency, and

(c) the availability of public space in substitution for private space being leased by the agency;

(4) rejecting an agency's request for additional space or space at a specific location, or both;

(5) directing agencies to be located in public space, when available, before private space can be leased;

(6) requiring the agency to submit a multi-year financial plan for review by the board's budget office with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period; and

(7) requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period.

